

PUBLIC HEARING
SEPTEMBER 24, 2014

A public hearing of the Council of the County of Kaua'i was called to order by Mason K. Chock, Sr., Chair, Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee, on Wednesday, September 24, 2014, at 2:51 p.m., at the Council Chambers, 4396 Rice Street, Suite 201, Historic County Building, Līhu'e, and the presence of the following was noted:

Honorable Tim Bynum
Honorable Mason K. Chock, Sr.
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro

The Clerk read the notice of the public hearing on the following:

"Bill No. 2559 – A BILL FOR AN ORDINANCE AMENDING
CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING
TO REAL PROPERTY TAXES (*Tax On Use*),"

which was passed on first reading and ordered to print by the Council of the County of Kaua'i on September 10, 2014, and published in The Garden Island newspaper on September 14, 2014.

Mr. Sato: We have no written testimony on this item, and have two (2) registered speakers. The first speaker is Ian Miles, followed by Tom LaCour.

Mr. Chock: Great. Mr. Miles, welcome back. This is on the percentage.

IAN MILES: Back again. Ian Miles. I just wanted to say I agree with this fundamentally because a lot of the inequality we have heard during the Tax Workshop, this Bill addresses when you have multiple use. I sent you a letter previously which explained on actually if I have a rental, there is kind of a multiplication factor that comes in, if you had a Homestead and then you do not have a Homestead, you are only renting our ten percent (10%) of your property, you are suddenly paying ten (10) times the Vacation Rental rate or twelve (12) times the Hotel rate or something for this one place you are renting out. We have had both during our time, multiple situations where because we had six (6) kids and they went to school, boarded in O'ahu and things. We had their friends come over sometimes to work for a hotel and they would stay with us. I always tell them, if they stay over a month, you have to pay rent. Today, with these rules, my taxes go up because I do that. Whereas, I should have the right as my home being my castle king of thing, that I can have a variety of things. We have had a lot of exchange students. Some pay, some do not. We have like ten (10) Japanese exchange

students plus other people staying in our house. We do not want to get into a thing where government is telling me how to live my life. So, you have a multiple use that you get to say, "Oh, yes, I have someone staying in a room." Maybe I get old and I want someone to come and live with me, but I need help by them paying rent in my house. I want to keep my house, but I want to rent out a room just because I may need the money or I need to be with somebody in there. The government should not be saying, "You cannot do that" or "You can" or "Your taxes go up because you do that." So, I think we really have to address the issue if there are multiple actual uses. If someone rents out a room in their house. The government does not really want to be in that, which is as I understand it, your rules would actually do that, make your taxes go up. So, let us address that and get rid of it. That is all I am saying to you. I am also a little afraid on my street, let me add, that I see at least three (3) people just on my street who have spent a long time living with other people renting a little bit of their house kind of in communal things. Now, if really this takes hold and you begin, those people start getting evicted because people's taxes went up by a couple of thousand, you have already got a crisis with rentals on this island. We really do not need to precipitate that kind of thing. Anyway, those are just my thoughts. Thank you.

Mr. Chock: Thank you for your testimony. Any questions? I think that is it. Thank you.

Mr. Sato: Next speaker is Tom LaCour.

Mr. Chock: Mr. LaCour.

TOM LACOUR: Tom LaCour, Hanalei. Mr. Chairman and Councilmembers, I am here to ask for relief. My taxes, as I mentioned to you before, have gone up five hundred percent (500%) in the last three (3) periods. I just cannot afford that. I cannot afford to stay in my own home. It is not for sale. If something should happened where we could be taxed at the Transient Vacation Rental (TVR) rate for the property that is a Transient Vacation Rental, and my home, which is about three (3) times that size would be taxed at a Residential rate, we would be in much better shape. We are not the only ones that are faced with this, but I doubt that there are too awful many on the island who are faced with this. I would ask for your vote to do something along those lines. I would like to make a correction to when I spoke during the earlier testimony two (2) weeks ago. I told Councilmember Bynum that apparently I said we get two thousand three hundred dollars (\$2,300) a night for the rental. That was incorrect. It is two thousand three hundred dollars (\$2,300) a week. Big difference. If there are any questions, I would be glad to answer them.

Mr. Chock: Councilmember Kagawa.

Mr. Kagawa: Thank you. So, you said that you would prefer a measure that would tax your TVR for the portion of your house that is a TVR, and I think you meant to say that your residence is three (3) times the size, and you wanted to Homestead rate, not the Residential rate, right?

Mr. LaCour: Correct.

Mr. Kagawa: The three dollars (\$3).

Mr. LaCour: Right.

Mr. Kagawa: Three dollars (\$3) per one thousand dollars (\$1,000), right?

Mr. LaCour: Right.

Mr. Kagawa: Because you live in that house.

Mr. LaCour: Yes.

Mr. Kagawa: Okay. Thank you.

Mr. Chock: Any other questions? Chair.

Mr. Furfaro: Yes. So, Mr. LaCour, you are in fact testifying in favor of Bill No. 2559?

Mr. LaCour: That is correct.

Mr. Furfaro: And you are saying if you have twenty-five percent (25%) of your property is involved in Vacation Rental of other commercial activities and seventy-five percent (75%), you would be open to signing an affidavit that you are taxed appropriately?

Mr. LaCour: I would be more than happy to sign that.

Mr. Furfaro: I do want to say that there is the potential of another Bill coming in, which will be in Mr. Chock's Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee soon. It just did not make this sheet that deals with a new category of a blended rate for people that have both. Would that be something you are favorable to?

Mr. LaCour: It would be determined by how it is blended. If it would be determined by number of square foot in one house as opposed to the other, I think that would be fine. Something along those lines.

Mr. Furfaro: Okay. Thank you.

Mr. LaCour: If I may say one (1) other thing, we need some stability in the taxes for the County.

Mr. Furfaro: Well, that was one of the intents of that cap at the time. It was predictable, and I understand you are saying the stability. There are going to be two (2) similar Bills here to the one you are testifying in front of.

Mr. LaCour: Yes, sir.

Mr. Furfaro: Thank you.

Mr. Chock: Thank you.

Mr. LaCour:

Thank you.

Mr. Sato:

We have no more registered speakers.

Mr. Chock: Would anyone else like to speak on this item? Seeing none, I think that is the last of our tax bills for public hearing.

There being no further testimony on this matter, the public hearing adjourned at 2:58 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'SK Sato', written over the printed name.

SCOTT K. SATO
Council Services Review Officer

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